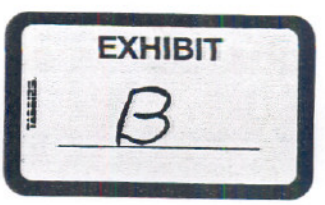
TENNESSEE TRUCKING ASSOCIATION SELF-INSURANCE GROUP

OPERATIONS MANUAL GOVERNING ALL MEMBERS OF THE FUND

Volume I

*** This manual includes all additions, revisions, and updates approved by the Board of Trustees for Members as of July 16, 1996 ***



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INTRODUCTION

In an effort to reduce workers compensation costs to its members and to provide them with consistent, stable workers compensation insurance, on January 1, 1995, the Tennessee Trucking Association established a separate, independent, not-for-profit corporation known as the Tennessee Trucking Association Self Insurance Group.

Membership is restricted to those members of the Tennessee Trucking Association in good standing and involved in the process of transporting goods for hire, or are in the moving and storage business in Tennessee. This group self insurance fund is a premium pooling concept which allows independent employers, through the payment of premiums, to establish a claims fund, purchase excess insurance and pay legitimate claims under the Tennessee Workers Compensation Act. The fund exists solely for the use and benefit of its members and the sole business purpose of the fund is to provide its members with a consistent and reliable method of complying with applicable workers compensation statutes substantially at cost. The assets of the fund shall at all times be owned by the fund members.

The fund is governed by a Board of Trustees elected by the members of the fund. The Board of Trustees is responsible for the management and investment of the assets of the fund, hiring of fund staff personnel, service agents, and all others required to provide such services as claims processing and payments, loss control/safety engineering, marketing, accounting and legal services.

The fund strives to provide its members with reasonable rates and payment terms. All legitimate workers compensation claims and awards against fund members, as well as legal and accounting expenses, taxes, excess insurance premiums, service company fees, staff expenses, and all other fund expenses are paid from the total assets of the fund. The Board may elect to pay the members all other income in excess of assets necessary to pay these items subject to the rules set forth in the Articles and By-Laws of the fund.

All fund procedures and policies, i.e., underwriting, loss control, and payment of incentives, are structured so as to encourage its members to minimize the costs of workers compensation claims and maximize savings for its members by providing for and requiring every fund member to actively participate in an effective loss control/safety program which reduces accidents and injuries to their employees.

Members of every self insurance fund in Tennessee are jointly and individually responsible for payment of all claims and expenses. Members of the Tennessee Trucking Association Self Insurance Group are jointly and severally liable only for the losses and expenses incurred by members of this fund.

To insure the fund's financial stability, the fund provides the Tennessee Department of Commerce and Insurance with an annual independently audited financial statement; the fund maintains a substantial surety deposit with the State of Tennessee; separate excess insurance is obtained from the higher rated excess carriers; an independent actuarial firm conducts a study on an annual basis to ascertain that adequate reserves are being maintained; the same independent actuarial firm conducts another study on an annual basis to determine discount policies and net rates for the forthcoming contract period.

So as to insure that all parties involved with the Tennessee Trucking Association Self Insurance Group fully understand and comply with their proper role and responsibilities as related to the fund and it's members, and in compliance with ARTICLE VII, Section 1. of the fund's amended by-laws, a copy of this manual and the policies and procedures herein shall be provided every fund member, fund employee, service agent, and others dealing with the fund. This manual shall serve in lieu of a standard "insurance" policy and shall at all times be followed by all of the above referenced parties.